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STRENGTHENING

RURAL

A L B E R T A

Alberta
AGRICULTURE

DDN
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Don Getty,
Premier of Alberta

Alberta derives its greatest strength from the solid rural communities on which the province was founded, and from the vigorous agriculture industry that powers its economy.

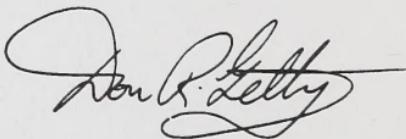
As Alberta's primary renewable resource, agriculture provides a secure base for our provincial economy. Directly and indirectly, the industry generates more than half of the province's economic activity and one quarter of all Alberta jobs.

Our rural roots are the source of a community spirit that binds all Albertans. Economically, socially and culturally, Alberta relies on agriculture and on the family farm.

The Government of Alberta is committed to helping the farming sector meet the challenges now facing the industry. Through the development of progressive policies and the implementation of effective special programs, we are helping to keep families on the farm and strength in rural Alberta.

This brochure provides information to Albertans on their government's commitment to rural communities and the family farm, focusing primarily on agricultural programs and policies. The Alberta Government has also, however, made a significant commitment to the well-being of rural centres through many other means, such as the construction of hospitals and roads, and the provision of vital services.

Further information on government activities in these and other areas may be obtained from the appropriate Provincial departments.

A handwritten signature in cursive script that reads "Don R. Getty". The signature is fluid and expressive, with a prominent "D" at the beginning.

STRENGTHENING **RURAL** ALBERTA

SPECIAL PROGRAMS

Emergency Assistance

Farmers and ranchers, and through them the many thousands of Albertans who rely on agriculture for their livelihoods, are greatly affected in their work by events beyond their own control. Weather, and political and economic policies developed outside Alberta's borders, play a major role in determining the state of the agriculture industry, bringing good fortune in some seasons, and causing devastation in others.

The Alberta Government has developed a safety net of stabilization and insurance programs to help protect our farming community from the normal fluctuations in income caused by such factors and by changes in the marketplace. Emergency situations, however, call for emergency response, and the government has shown itself prepared to take rapid and effective action in assisting rural Alberta when disaster strikes.

Water Supplies Assistance:

- The Alberta Water Supplies Assistance Program was introduced April, 1988, in response to water shortages on farms and in rural communities caused by drought. Twenty-three million dollars has been allocated to the program for the next three years. These funds are being used to lower substantially the costs of dugout pumping, water conveyance, dugout and stockwatering dam construction, water hauling and water well development.



Drought Assistance:

■ The Alberta Drought Assistance Program was announced in July, 1988, as our province's contribution to a federal-provincial cost sharing initiative. The program is designed to assist livestock producers whose herds were put at risk by drought conditions, by providing a per head payment for breeding stock and a per acre payment for greenfeed production. The Alberta Government has committed \$31.5 million to this program for 1988-89 and 1989-90, which will be matched by federal funds to bring the total drought assistance available to the livestock industry through this initiative to \$63 million.

Beekeepers' Assistance:

■ In response to severe hardships suffered by honey producers as a result of unfavorable market conditions and a ban implemented on U.S. bee imports, the Alberta Government announced in January, 1988 a \$2.2 million Alberta Beekeeper Disaster Assistance Program. The program provides a special one-time payment to producers to ensure the viability of the province's honey industry over the short term, as well as funding for the development of a marketing and promotion program for honey which will help encourage growth in the industry over the long term.

Stabilization

The prices paid for agricultural commodities are cyclical, falling and rising with changes in the domestic and international marketplaces. To help producers cope with the income fluctuations resulting from these changes, the Alberta Government has played a leading role in the development of a series of national, tripartite stabilization plans. Under these plans, payments to producers are triggered when the market price for a commodity falls below the designated level of support. Producer participation in each plan is voluntary, and the plans are designed to

be market-neutral and actuarially sound. Farmers, the provincial government and the federal government share stabilization program premiums equally, and payments made from the plans are designed to balance over time the premiums paid into the plans.

Red Meat Stabilization:

■ Alberta was one of the original provinces to join plans for hogs, lambs, cow-calf, feeder cattle and slaughter cattle under the National Red Meat Stabilization Program. More than 13,300 Alberta producers currently participate in these plans, to which the Alberta Government has allocated \$18.3 million for 1988-89, bringing the government's total contribution to red meat stabilization to some \$45 million since 1986.

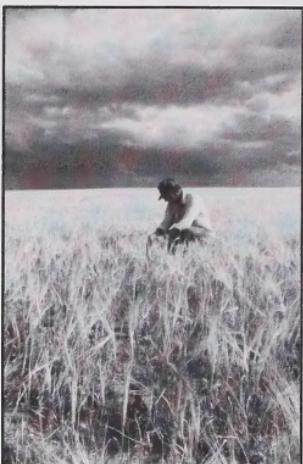
Edible Beans Stabilization:

■ Alberta made a 10-year commitment to participate in the edible bean stabilization plan in 1987. More than 200 bean producers now participate in the plan. The Province has allocated \$400,000 to edible bean stabilization for 1988-89, bringing its total contribution to more than \$600,000.

Sugar Beet Stabilization:

■ Alberta joined the stabilization plan for sugar beets in 1987. In 1987-88, the Alberta Government contributed approximately \$310,000 as its one-third share of program premiums. For 1988-89, the Province has allocated \$600,000 to the plan, in which more than 450 Alberta producers currently participate.

Insurance



Effective insurance coverage is the farmer's most important line of defence against damage caused by poor weather. To ensure Alberta producers access to the most effective insurance coverage available, the Alberta Government recently conducted a full review of the province's crop insurance system. As a result of this review, several key amendments have been made to Alberta's crop insurance programs.

All Risk Crop Insurance:

■ All-risk crop insurance enables farmers to protect themselves against serious loss resulting from crop damage caused by unfavorable weather, grasshoppers and other perils. Several changes have recently been made to Alberta's all-risk crop insurance program. Coverage adjustments and experience discounts are now set separately for individual crops. In addition, the date for application of interest charges on unpaid accounts has been changed from September 1 to October 1. Fallow-stubble coverage differentials have been adjusted to reflect yields and changing technology more accurately. Size of farm discounts have been eliminated and efforts to curb abuse of the program have been increased. Downward coverage adjustment resulting from claims has been limited to 25 per cent and, as an incentive to move toward individual coverage, upward coverage adjustment has been frozen at 1987 levels. Work continues on the implementation of other key review recommendations, including enhancements to crop insurance to provide greater protection from area-wide disaster.

Forage Insurance:

■ The Alberta Forage Insurance Program is designed to protect farmers and ranchers against loss of perennial forage crops caused by drought. In 1988, the Alberta Government announced several changes to the province's forage insurance program, including an amendment making coverage available to producers in all areas of the province. A further review of the forage insurance program is currently underway.

Farm Finance

In past years, rising interest rates and falling land values combined to cause serious financial difficulties for some farmers and a lingering debt burden for the agriculture industry as a whole. To offset these difficulties, the Alberta Government has improved farmer access to low, fixed-interest loans, made significant amendments to the policies of Alberta's primary farm lender, and provided a comprehensive financial counselling service for farm families.

Farm Credit Stability:

■ The Alberta Farm Credit Stability Program was introduced in August, 1986 to reduce and stabilize the cost of farm credit, providing farmers with a sound basis for long-range planning. The program provides farmers with access to \$2 billion in long-term credit at a fixed, 9 per cent rate of interest. To date, \$1.6 billion has been committed under the program, providing loans for more than 16,500 participants. It is estimated that the program has saved Alberta farm operators more than \$40 million in interest payments since its introduction.

Changes to ADC:

■ The Alberta Government recently undertook a full-scale review of the role and mandate of the Alberta Agricultural Development Corporation (ADC), the province's primary farm lending institution. Recommendations made at the conclusion of this review have resulted in a number of progressive developments at ADC. Among these is the \$30 million Indexed Deferral Plan announced April, 1988, which will give farmers with existing ADC loans the option of deferring loan payments during times of low commodity prices. Other options offered in the package of debt restructuring alternatives developed for ADC include discharge of security, postponement of payments and refinancing of loans.

Farm Financial Advisory Service:

■ In June, 1988, the Alberta Government announced the Farm Financial Advisory Service, an initiative designed to make farm management counselling available to all Alberta farm families. Through this service, producers are offered the opportunity to discuss their operations in detail with fellow farmers who are trained in financial and farm management. Together, they can look at the operation's current financial situation, and arrive at the best production and management options for the future.

Input Cost Reduction



The combination of rising farm input costs and falling world commodity prices has resulted in a cost-price squeeze that has severely strained the resources of some Alberta producers. To help farm families, the Alberta Government has developed a series of programs aimed at reducing the cost of agricultural inputs. Chief among them are initiatives aimed at reducing the costs of farm fuel and farm fertilizers.

Farm Fuel Distribution Allowance:

■ Marked fuel used in Alberta farming operations has been exempt from provincial tax for many years. In 1974, the Alberta Government introduced the Alberta Farm Fuel Distribution Allowance as a further benefit. The allowance on farm fuel is currently nine cents per litre which, in combination with the provincial tax exemption, gives farmers a 14 cents per litre benefit on marked fuel used for farming operations. The Province has allocated \$83.8 million for the Farm Fuel Distribution Allowance in 1988-89, bringing the total Alberta Government contribution to more than \$825 million over the course of the program.

Farm Fertilizer Price Protection Plan:

■ The Farm Fertilizer Price Protection Plan was implemented in April, 1985, to reduce the costs of fertilizer used by Alberta producers. Under the program, producers receive payments calculated on the basis of \$50 per tonne of actual nitrogen and \$25 per tonne of actual phosphate used during the eligible period. This program has been extended to cover fertilizer bought and applied before July 31, 1989. To date, the plan has paid out in excess of \$60 million to more than 37,000 Alberta farmers on more than 100,000 claims. It is anticipated that a further \$17 million will be paid out during the remaining months of the 1988-89 fiscal year.

Farm Water Grant Program:

■ The Farm Water Grant Program was introduced in 1985 as a three-year, \$16 million program to assist with the construction of permanent water transmission works for stock-watering and domestic purposes. This year, the Alberta Transportation and Utilities program was extended to March 31, 1991. Additional funding of \$15 million has been allocated to the extended program, \$6 million of which has been supplied through the Alberta Water Supplies Assistance Program.

Primary Producers' Natural Gas Rebate:

■ The Primary Agricultural Producers' Rebate Program provides farmers with a direct rebate of 40 cents per gigajoule on natural gas used in their operations. It is anticipated that approximately \$4 million will be allocated to the program in 1988-89, bringing the total Alberta Government contribution to \$19.4 million since 1982-83.

Resource Conservation and Development



Conservation and the responsible management of Alberta's agricultural resources are keys to the province's future prosperity, and as such are among the Alberta Government's highest priorities. The Province is working actively with farmers, agricultural service boards and the federal government to check the advance of soil erosion and to find and apply effective solutions to this and other resource degradation problems.

Canada/Alberta Soil Conservation Agreement:

■ The Canada-Alberta Agreement on Soil, Water and Cropping Research and Technology Transfer (known as CARTT) is a joint federal/provincial program which commits a total of \$4 million over a six-year period ending in 1993. The program will study the impact on soil quality of different farming practices, providing both producers and scientists with the knowledge needed to improve land management and better protect our natural resources. In addition, the federal government has committed \$2 million over the same period to a closely related project centred in northeast Alberta.

Irrigation Development:

■ The irrigation systems of Alberta's 13 irrigation districts are undergoing major rehabilitation and expansion to ensure the efficient delivery of water to more farms and a larger acreage. In 1988-89, the Alberta Heritage Savings Trust Fund will invest \$25 million in the Irrigation Rehabilitation and Expansion Program, bringing the Province's investment in the program to \$257 million. The Heritage Fund will also invest \$41.4 million in the Irrigation Headworks and Main Irrigation Systems Improvement Program in 1988-89, bringing the total contribution to that program to more than \$400 million. Together with the construction of the Oldman River Dam, these programs will allow the irrigation of up to 1.5 million acres in southern Alberta.

Research

In order to remain competitive in the world marketplace, Alberta's agriculture industry must continue to invest in research and in the transfer and application of new technology. The Alberta Government is playing a major role in funding and co-ordinating agriculture and food research in this province, and in making sure that farmers, food processors and agribusinesses benefit directly from the results of this scientific study.

Alberta Agricultural Research Institute:

■ The Alberta Agricultural Research Institute was established in July, 1987, to help identify research policies and priorities, to provide funding for research projects and to encourage greater private sector involvement in agricultural research and development. In addition, the Institute plays a major role in co-ordinating the work of the many agencies conducting agricultural research in the province, to ensure the efficient use of research resources throughout Alberta. The Alberta Government has allocated \$1.5 million to the program for 1988-89.

Farming for the Future:

■ This highly successful agricultural research and on-farm demonstration program was established in 1979 to support the development and adoption of new crop varieties, improved crop and livestock management methods, and improved financial management, product processing and marketing technologies. In November, 1986 the program received a new five-year mandate ensuring continuation of the program to March 31, 1992. Farming for the Future receives annual funding of \$5 million from the Alberta Heritage Savings and Trust Fund. Total funding allocated under the program to the end of 1988-89 will amount to nearly \$50 million.

Agricultural Processing and Marketing



Alberta's continued strength and prosperity relies heavily upon the province's willingness and ability to diversify its economic base. One key to economic diversification lies in the further expansion of Alberta's growing agricultural and food processing sector. In addition to providing the two special programs noted below, the Alberta Government works closely with the private sector on an ongoing basis, providing the province's primary producers and food processors with direct support in the expansion of domestic and foreign markets and in the development of new products.

Agricultural Processing and Marketing Agreement:

■ Alberta's food and beverage manufacturers generate sales of approximately \$4 billion per year. This five-year, \$50 million federal-provincial program was introduced February 1, 1986, to promote and support Alberta's vital value-added processing sector. Since the implementation of the agreement, more than 1,260 applications have been received for assistance in support of projects in all fields of agricultural processing.

Alberta Food Processors' Promotion Assistance Program:

■ The Alberta Government has committed \$3 million to a three-year program designed to increase sales of Alberta food and beverage products in Alberta grocery stores, hotels, restaurants and institutions, to develop greater demand among Alberta consumers for Alberta products, and to increase sales of Alberta foods and beverages in markets outside the province. The Province's contribution toward this program is to be matched in the private sector.

Additional Assistance for Rural Communities

The quality of life enjoyed by rural Albertans is unequalled elsewhere in Canada. The Alberta Government is committed to maintaining and enhancing the standard of living in rural Alberta, and has worked toward that goal through a wide variety of programs and policies. Examples of current initiatives designed to strengthen rural Alberta follow.

Individual Telephone Line Subscription:

■ In 1986-87, the Alberta Heritage Savings Trust Fund provided \$30 million as the first stage in the government's initiative to provide rural Albertans with individual telephone lines. In 1987-88, the Heritage Fund contributed \$18.4 million, and for 1988-89, a further \$57.4 million was allocated to the project. This enhanced communication system will be a significant improvement to the standard of living in rural Alberta, and will provide an additional benefit by generating jobs in rural areas. It is estimated that the final cost of the project, including the modernization of telephone exchanges, will be some \$500 million.

Remote Area Heating Allowance:

■ The Remote Area Heating Allowance Program provides Albertans who do not have access to natural gas service with rebates of up to 25 per cent on heating oil and propane purchases. For 1988-89, the government has allocated \$3.5 million to the program, for a total of \$19 million since 1980-81.

Fuel Oil/Propane Tank Grant:

■ The Fuel Oil/Propane Tank Grant Program is designed to assist rural Albertans with their fuel oil or propane tank rental and purchase costs, in areas where natural gas service is unavailable. The Alberta Government has allocated \$100,000 to the grant program for 1988-89.

POLICY DEVELOPMENT



The Alberta Government has taken a leadership role in representing the interests of Alberta's rural and agricultural communities in policy development on the national and international stages. Issues such as the liberalization of trade with the United States and with other trading partners, the future of alcohol fuels and grain transportation policies will have a significant impact on the future development of Alberta's agriculture industry.

Free Trade Agreement:

■ Alberta strongly endorses the Canada-United States Free Trade Agreement as a natural extension of already existing trade patterns, and one that will bring substantial benefits to Albertans. The Free Trade Agreement will be particularly beneficial for the agricultural community and rural Albertans. The Agreement will provide wider and more secure access to the U.S. market for Alberta's major agricultural and food exports, without endangering the province's existing marketing systems. Trade with the United States is essential to Alberta and to the continued growth and prosperity of the province's agriculture industry; through the Free Trade Agreement that trade has been enhanced.

World Trade:

■ Alberta supports Canada's efforts to promote the liberalization of world trade in agriculture during the current round of General Agreement on Tariffs and Trade (GATT) talks. The Province endorses a comprehensive approach to multilateral trade negotiations, one which would cover all agricultural commodities and all trade distorting measures. Improvement of the world agricultural trading environment through the elimination of trade distorting policies and the strengthening of GATT rules and disciplines promises substantial benefits for Alberta's efficient, competitive agriculture industry.

Method of Payment:

- One of the most important factors influencing Alberta's ability to develop a diversified, stable agriculture industry is the method of payment of the crow benefit under the Western Grain Transportation Act. The federal government's current approach of paying the crow benefit to the railways rather than to producers severely distorts the price of feed grain in Alberta, thus limiting expansion in the province's livestock and processing industries.
- The Alberta Government's Crow Benefit Offset Program is designed to offset the negative impact of the payment of the crow benefit to the railways. The Alberta Government spent more than \$75 million on this program in 1987-88, and has allocated a further \$50 million in 1988-89.
- The Crow Benefit Offset Program is a successor to the Feed Grain Market Adjustment Program, which was in effect from 1985 to 1987. Under the two initiatives, the Province has thus far committed a total of \$240 million toward offsetting the damaging effect of the current method of payment. The Alberta Government will continue to press the federal government to make crow benefit payments directly to producers.

Alcohol Fuels:

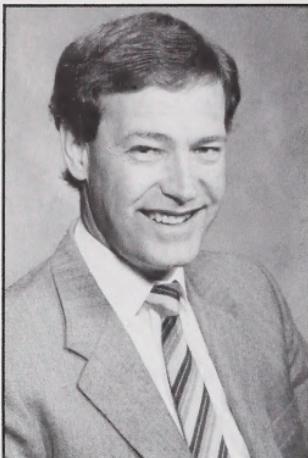
- The development of an alcohol fuels industry in this province may present potential benefits to the grain production sector, the environment and the people of Alberta.
- In 1987, the Alberta government formed an interdepartmental committee to review the opportunities and risks involved in the establishment of an alcohol fuels industry in Alberta. The committee presented a report in early 1988, identifying the key issues of the debate, and providing a base from which further examination and analysis of fuel alcohols can proceed.
- The provincial government is committed to exploring future opportunities in the field, in conjunction with the federal government and with other provincial jurisdictions.

LONG-TERM COMMITMENT

Previous Alberta Government agricultural initiatives have included:

- Alberta Crop Insurance Coverage Restoration Program, 1985-88 (\$50.2 million)
- Alberta Crop Insurance Temporary Guidelines Program, 1985-86 (\$13.6 million)
- Farm Implement Dealers' Loan Guarantee Program, 1984-87 (\$1.5 million)
- Processed Food Market Expansion (RAPP and SIMS), 1985-88 (\$2 million)
- Feed Grain Market Adjustment Program, 1985-87 (\$114 million)
- Grasshopper Control Assistance Program, 1985-87 (\$6.3 million)
- Canada-Alberta Livestock Drought Assistance Program, 1984-87 (\$87 million)
- Interim Red Meat Stabilization Payment, 1985-86 (\$42.6 million)
- Alberta Livestock Assistance Program, 1985-86 (\$70.4 million)
- Alberta Beekeepers' Assistance Program, 1985 (\$2.4 million)
- Prince Rupert Grain Terminal Project, 1985 (\$240 million)
- Pork Producers' Debt Retirement Grant, 1985 (\$5.5 million)

- Fresh Vegetable Incentive Program,
1985 (\$0.7 million)
- Feed Freight Assistance Program,
1984-85 (\$1.1 million)
- Canola Oil Tank Car Lease Program,
1979-84 (\$5.8 million)
- Alberta Pork Producers Market
Insurance Program,
1982-84 (\$20 million)
- Canada-Alberta Subsidiary Agreement on
Nutritive Processing Assistance,
1981-86 (\$23.6 million)
- Small Business and Farm Interest
Shielding Program,
1982-84 (\$33.4 million for agriculture)
- Canola Crushers Financial
Assistance Program,
1982 (\$21.7 million)
- Northern Drought Disaster Crop
Advance Assistance Program,
1982 (\$17.4 million)
- Beef, Cattle and Sheep Support Program,
1981 (\$141.5 million)
- Grain Hopper Cars Purchase,
1980-81 (\$54 million)
- Emergency Stop-Loss Hog Program,
1980-81 (\$28.3 million)



Peter Elzinga,
Minister of Agriculture

Through efficient use of our province's abundant agricultural land, fertile soils and clean water, Alberta's farm families have built one of the most productive agricultural communities in the world. Our secondary agricultural sector, too, has developed strongly and rapidly during recent years, and Alberta is well on its way to establishing a world-class food processing industry.

The Government of Alberta has taken an active role in the development of this progressive, dynamic industry, and continues to support steadfastly the interests of the province's farmers, processors, suppliers, researchers and all members of the agricultural and rural communities. Your government's commitment to strengthening rural Alberta and the agriculture industry is an investment in a prosperous future for all Albertans.

Further information on the programs and policies described in this brochure may be obtained by contacting:

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Associate Minister
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